Office of
Health Benefits

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Benefits Administrator Memo **#01-03**

To: Benefits Administrators

From: Charles S. Reed, Associate Director
State and Local Health Benefits Programs

CC: All OHB

Date: February 23, 2001

Re: Amnesty Period for Removing Ineligible Dependents

The Commonwealth of Virginia and the Department of Human Resource Management are dedicated to controlling health care costs in order to provide affordable health care coverage to eligible employees and retirees. Enforcing eligibility provisions is an essential part of controlling plan expenses. Each claim paid for an ineligible member is an expense charged to all other members, and has a direct impact on all employees' premiums.

To encourage employees and retirees to remove those who are ineligible, there will be an amnesty period during which ineligible dependents may be removed from the plan without penalty. This means that employees and retirees who have failed to remove ineligible dependents within 31 days of their loss of eligibility may correct the error without suffering suspension from the plan. This amnesty period also applies to employees who have not reported their loss of eligibility for "double state" premium benefits. However, agencies should collect the difference in premiums when it is discovered that an employee has benefited from the double state contribution when they were no longer eligible to do so.

The amnesty period will run concurrently with the open enrollment period. After that time, the Department of Human Resource Management will strictly enforce the Health Benefits Program regulation that it may exclude from coverage any employee/retiree who is found by the department to have covered a dependent not eligible for the program. The period of exclusion may be up to three years.

Eligible dependents include:

- **The employee's/retiree's legally married spouse.**
- **The employee's/retiree's unmarried biological or legally adopted children through the end of the year in which they reach age 23*, or children placed in the home under a pre-adoptive agreement which is approved by the Department of Human Resource Management (DHRM).**
- **Unmarried stepchildren living full time with the employee/retiree in a parent-child relationship who are claimed on the employee's/retiree's federal tax return.**
- **Adult children with a disability, if the qualifying disability was diagnosed prior to the loss of eligibility for coverage due to age and has been approved by the plan administrator. For the statewide self-funded plans, these children must be added within 31 days of loss of coverage. The regional, fully-insured plans require that the request be made prior to the time ineligibility for coverage due to age occurs.**
- **Other children on an exception basis. The child may be added only if a court orders the eligible employee/retiree to assume permanent custody of the child.**

***Different eligibility criteria exist for certain survivors of retirees in the Retiree Health Benefits program. Please consult the Health Insurance Manual, Section 5.7, for more information.**

It should be noted that a self-supporting child is ineligible for coverage, regardless of where the child resides. Additionally, any child who is considered by an employer to be employed full time will be considered self-supporting. The only exception would be a child who works full time during only the summer months, was a student through the spring semester, and will be a student in the fall, when full-time employment will cease.

Please share this information with your covered employees and retirees and encourage them to carefully review their dependent enrollment. If they discover that they have neglected to remove an ineligible dependent, they must take advantage of this opportunity to correct any discrepancies without penalty, or they may be excluded from the program. An article regarding this amnesty period also will appear in the Spotlight newsletter.

Ensuring that plan provisions are closely followed helps to protect the financial stability of the plan and also to keep employee contributions at an affordable level.